



King County

Commission on Governance

**PRE-ADOPTION REVIEW DRAFT**

March 18, 2004

Metropolitan King County Council

The Honorable Larry Phillips, Chair  
The Honorable Dow Constantine  
The Honorable Carolyn Edmonds  
The Honorable Bob Ferguson  
The Honorable Larry Gossett  
The Honorable David Irons  
The Honorable Jane Hague

The Honorable Steve Hammond  
The Honorable Kathy Lambert  
The Honorable Rob McKenna  
The Honorable Julia Patterson  
The Honorable Dwight Pelz  
The Honorable Pete Von Reichbauer

King County Executive Ron Sims

King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**RE: King County Commission on Governance  
Final Report and Recommendations**

Enclosed for your consideration and action is the final report of the King County Commission on Governance. Your charge to us was to reconsider services to be provided by King County, given its fiscal challenges; how services should be provided; funding for services; and the political and governance structure for those services. We appreciated the opportunity to serve in this effort and look forward to providing whatever assistance we can in supporting your efforts to understand and implement our recommendations.

Commission members approached this task from diverse backgrounds and with very different perspectives. Most of our recommendations were adopted unanimously and those that were not unanimous, nearly were. This level of agreement was due, in part, to the education we received during 26 regular meetings and two community forums about the enormity of the governance

challenges that confront the people who live in King County and its cities. In response, it was easy to agree on some of the main ideas and recommendations presented in this report.

We believe it is an institutional imperative for King County government to become a regional and national leader in the pursuit of prevention programs to reduce the criminal justice costs that are overwhelming county government. We also urge county officials to take a leadership role in working with city and state officials to implement the local governance and finance reforms that are required to implement the state Growth Management Act. A stronger connection between residents of unincorporated King County and County government must be forged through a modern township concept. Finally, we believe County government must also boost public confidence by improving its internal management and services as called for by the King County Budget Advisory Task Force.

We found inadequate grounds at this time to justify action on two topics that generate significant comment in discussions about county “governance.” These topics are the size of the County Council and the question of whether county officials should be elected on a partisan or non-partisan basis. We found no compelling evidence that partisanship by itself determines the quality of government services in our region; for Executive and Council offices, partisanship can be a valuable information tool that helps the public better understand the philosophies of candidates seeking public office. Likewise, a time will come when the evolution of County government’s role merits a reduction in the size of the Council. Although these were pressing issues as we began this effort 10 months ago, their significance faded as we learned more about the governance challenges that face the people of King County. There are much more urgent issues that require public attention.

We are eager to answer any questions you may have about our report, and look forward to the County’s action on these recommendations. Thank you for the opportunity to serve the people of King County.

Sincerely,  
King County Commission on Governance



Dave Gering  
Co-Chair



Steve Goldblatt  
Co-Chair



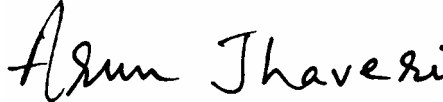
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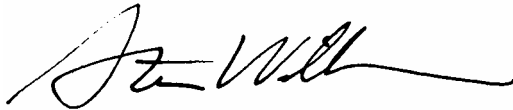
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cc: King County Prosecutor Norm Maleng  
King County Sheriff Dave Reichert  
King County Assessor Scott Noble  
King County Superior Court Presiding Judge Richard Eadie  
King County District Court Presiding Judge Wesley Saint Clair  
King County State Legislators  
Co-chairs, Budget Advisory Task Force (BATF)

# Executive Summary

## The Challenge

King County is an exceptionally prosperous community, but King County's \$500 million general fund faces a long-term structural revenue gap. County expenditures are growing faster than revenues. At current growth rates, costs for law and justice services threaten to consume all general fund revenues by the year 2009 (jail, court, prosecution, defense services, that make up over 70% of general fund costs). King County's possible responses are likely to be unacceptable to King County residents: preserve all existing programs at the current growth rate (25% increase in taxes); preserve the law and justice system eliminating all other services; protect all programs except law and justice (meaning a 35% cut in law and justice agencies); or impose 15% across-the-board reductions.

It is evident that small changes to services or the structure of County leadership cannot resolve the problem.

For some, a discussion of "governance" is dominated by issues of the size of the County Council and whether county officials should be elected on a partisan or non-partisan basis. Our research, testimony, correspondence and deliberations convinced us these topics are very small parts of much bigger governance challenges facing our region.

The need for effective county-wide plans and programs to address: human services, transportation, and other urgent community needs; an assurance that our countywide government isn't devoured by costs and services devoted to criminal justice; the level of political representation for the 300,000 residents of unincorporated areas; our capacity to devote county-wide resources to public priorities; our inability to resolve issues associated with incorporations and annexations: these concerns dwarf the importance of how many people serve on the County Council, or whether they are elected on a partisan basis.

Although there are no "cure-alls" to solve King County's financial problems, our recommendations focus on actions that we believe will help to advance the goal of better governance. We found a need for King County elected officials to exercise their leadership county-wide to pursue the following recommendations.

## Services to Be Provided by the County

We do not recommend that the County get out of any business. King County has a mandated and partnership role in many county-wide and local services. County-wide services include law and justice, transit, wastewater, health, mental health, chemical dependency services, and

*The size of the County Council and whether county officials should be elected on a partisan or non-partisan basis are very small parts of much bigger governance challenges facing our region.*

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general government services such as elections and assessments. Local service responsibilities in unincorporated areas include, among others: police, parks, community development, roads, and surface water services.

## How Services Should Be Provided

The County must change its policy and operations in key areas: intergovernmental relations; law and justice; human services; and management approaches. Our ideas for these changes include:

- **Fundamental Shift in Criminal Justice Policy.**

It is unacceptable for the County's "growth industry" to be law and justice services. Although some of these costs are identified as mandatory, King County must identify an appropriate and affordable level of service for law and justice services, analyzing drivers of employment and aggressively and proactively constraining inputs to the law and justice system while continuing to protect our citizens from crime. The caseload-driven nature of the system is what drives employment; staffing levels can be affected by reducing recidivism in the law and justice system. Solving the budget problem requires reforming policy, process and funding in all agencies (police, courts, prosecution, defense, and jail); these choices cannot be considered without deep analysis into processes, labor costs, indirect costs and management costs.

- **"Forward Thrust" for Human Development.**

Pressure on the criminal justice system cannot be decreased without corresponding major investments in human services. A paradigm shift must occur across government, private, and non-profit sectors. Public education about the benefits of providing community treatment, intervention, and supportive services must be emphasized, and corresponding investments made. The severity of public sector funding constraints means significant community-based, private sector investment is needed. We call upon civic, community, foundations and faith-oriented leaders, in communication with County and city political leaders, to initiate a private-sector "Forward Thrust for Human Development" effort to mobilize resources in King County for a ten-year program of preventive and early treatment interventions through non-profit, and including faith-based, organizations. The focus should be funding and community support for services that reduce adult and juvenile crime. This commitment could be in the hundreds of millions of dollars; we do not recommend a dollar figure for this effort, but entrust this task to leaders and those engaged in the county-wide dialogue to analyze and suggest.

- **Carry Out the Vision of the Growth Management Act.**

King County's "urban" and "rural" unincorporated areas pose significant and diverse service challenges for King County. The people who live throughout the county and its cities possess no regional plan, program

*Solving the budget problem requires reforming policy, process and funding in all criminal justice agencies; these choices cannot be considered without deep analysis into processes and costs.*

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*A host of management approaches should be implemented to unify and streamline County government...*

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or prospect for meeting civic needs as fundamental as human services or transportation. The current system for annexations and incorporations has not addressed remaining urban incorporated areas, and ten years after our elected leaders committed themselves to a dramatic new land-use pattern, the promise of the Growth Management Act remains unfilled. By the end of 2005, King County and other jurisdictions should move to annexation or incorporation of urban islands with the participation of those communities. For areas outside the urban growth boundary, King County should pursue the creation of modern townships to provide citizens with a local source of decisionmaking for local governance issues.

■ **More Efficient and Effective County Business.**

A host of management approaches should be implemented to unify and streamline County government, including: consolidate central services within one agency instead of spread across all branches; expedite information technology strategic planning to solve the financial system problems that have been plaguing the County for years; and make robust, outcome-based performance measurement and Operational Master Planning, a high priority across the whole government. Investigation of labor costs and span of control must be done to provide a timely, definitive assessment of classification and compensation levels between King County and other organizations. Internal reforms should go hand-in-hand with a public education effort about the County's role, services and value it provides.

■ **Other highlights of our recommendations include:**

- ▶ **FOCUS** on excellence in the County's leadership and partnership role in the human services system.
- ▶ **MANAGE** jail populations efficiently and effectively through aggressive court calendar management (increased frequency and information); devoting resources to cost-beneficial programs shown to have positive effects on recidivism. Permanently close jail facilities as the jail population decreases; and expand the use of alternative sanctions and community programs for non-violent offenders. Encourage the release of warrants across court systems with appropriate security.
- ▶ **PURSUE COST-SHARING** with the State of Washington for mandatory law and justice system costs, increasing the State's contribution.
- ▶ **SEEK** Court reforms, including short-term consolidation of Superior Court and District Court administrative functions, and longer-term exploration of a single trial court and the role of municipal courts.
- ▶ **PURSUE OPPORTUNITIES** for reverse-contracting with cities where appropriate.
- ▶ **MODIFY** County staffing after annexations and incorporations with changing service demands.
- ▶ **PURSUE THE IMPLEMENTATION** of biennial budgeting.



## How Services Should Be Funded

The State's legal and structural funding framework allows for few new funding ideas for county governments. The Budget Advisory Task Force (BATF) offered comprehensive and worthwhile recommendations for full cost recovery, state fiscal support for mandated services, and pursuit of grant opportunities. The creation of a utility tax in unincorporated areas would distract from the focus on annexation or incorporation of urban unincorporated areas. Broader public understanding could be gained from an extensive County educational effort and creation of a taxpayer's bill of rights. The creation of dedicated funds for services should be avoided, to allow for flexible funding to respond to changing service needs. Future state and federal funding should be granted directly to counties and not "passed through" the state where administrative costs are deducted (similar to Community Development Block Grants that cities and counties receive from the federal government).

## Governmental Structural Changes As King County's Service Role Shifts

We see King County's future service roles shifting from three service roles (local urban, local rural, and regional) to two: provider of county-wide services and local service provider in the County's rural areas. As the County divests itself of urban service provision, the political structure of the County should be reconsidered, including:

- **CONSOLIDATING** internal service functions for all agencies in a single county-wide office focused on consistent management and cost controls;
  - **A FOCUSED** examination by the next Charter Review Commission of the Council-Executive form of government, considering other forms such as appointed County-Manager and Council-Board President with blended legislative-executive powers; and
  - **LONGER-TERM**, the Commission recommends that size of the Council be revisited after the annexation or incorporation of urban areas is complete, considering whether Council size should be reduced to a number sufficient to accommodate the revised scope of King County government.
- **Other highlights of governmental structure recommendations include:**
- **RETAIN** the County Executive, Council, Prosecutor and Assessor positions as elected and partisan offices; and
  - **APPOINTED** Sheriff and elections administration to carry out these relatively specialized and technical functions.

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## How This Report is Organized

The transmittal letter to the Metropolitan King County Council serves as an Executive Summary for this report, and highlights key themes and ideas.

The next two sections, “Work Plan & Project Approach” and “The Challenge,” detail the Commission’s work plan and the challenges faced by the County, followed by Commission recommendations organized according to the four phases of work:

1. Services to be Provided
2. How Services Should Be Provided
3. How Services Should Be Funded
4. Governance and Political Structure to Provide Services

Commission recommendations are listed in **bold type** throughout the report.

**Each recommendation also suggests actions to be taken using an icon showing what needs to happen:**



County can do on its own



County would do in dialogue/negotiation with cities



County would do in dialogue with State, or make part of State Legislative agenda



May require a change to King County Charter or Code



May require a change in State law



County should address immediately (2004-2007)



Longer-term recommendation (2007 and beyond)



County must engage/educate public



*Black icons indicate  
actions to be taken.*

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## Appendices to the Report

A SEPARATE BOUND DOCUMENT

- Recommendation Summary by County Action & Partnerships
- King County Ordinance 14514: Commission Charge
- Commission on Governance Work Plan & Operating Principles
- 2004 Proposed Annexation Legislation and Tri-Association Legislative Agenda
- Countywide Planning Policies: Regional Finance & Governance
- Executive Summary: Adult Justice Operational Master Plan Capacity Options
- King County Regional Policy Committee Human Services Task 2 Findings
- Human Services Indicator Data: Executive Summaries
  - United Way of King County Report to Community
  - One-night Homeless Count
  - 2002 Communities Count Report
- Funding and Financing Information (Berk & Associates)
- "Peer" Counties Research Report (Berk & Associates)
- King County Organizational Chart & Form of Government
- Fiscal Balance Framework (Berk & Associates)
- Form of Government Information from International City-County Management Association
- Correspondence: Proportional Representation
- Excerpt, League of Women Voters 1996 Governance Report
- 20 Most Populous Counties Data
- King County Demographics, Trends & Government
- Commission on Governance Meeting Summaries



# Commission Charge

The Commission on Governance is an 11-member citizen panel created by King County Ordinance 14514 (Appendix B), and convened in spring of 2003, to examine four areas of County operations and funding:

1. What services are to be provided by King County, given the fiscal challenges faced by the regional government;
2. How those services should be provided, and what changes, if any, are recommended to employment policy;
3. How those services should be funded, including changes to Current Expense Fund or dedicated revenue sources; and
4. A governance structure to provide those services, addressing the number of elected officials in all branches of government, whether those offices should be elected or appointed, partisan or non-partisan.

The Commission's adopted work plan states that all County operations (Current Expense and non-Current Expense-funded), not just those services funded by the general fund, are appropriate to review from a governance perspective.

The Commission's goal is to recommend to the Metropolitan King County Council, the King County Executive, and the residents of King County, governance reforms essential to improving or maintaining responsive and effective delivery of regional government services to all residents of King County and local government services to unincorporated area residents, by March 31, 2004.



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## Direct Approach

In some cases, small groups of Commission members worked between meetings to research issues and draft proposals to help the Commission with their discussion and decisions.

- ▶ The environment must be open enough so each person feels s/he has had a fair chance to speak and be heard.
- ▶ Sufficient time must be given to thoroughly discuss the problem and for everyone to gain an understanding of the group's decision.
- ▶ Each member should understand the decision or solution on the table.
- ▶ Where substantial differences of opinion exist, the final report shall make an effort to reflect the divergence of views.
- ▶ In cases of disagreement, the majority shall seek to assure that, where possible, final recommendations will be worded to achieve the broadest support within the Commission.



## The Challenge

Based on the value of our real estate, King County is among the richest counties in the country. On the whole, we are an educated and prosperous community. Most of our economy is healthy and we gained 207,000 jobs in the last decade.

However, King County as a regional government is faced with a severe funding crisis.

The total 2004 County budget is nearly \$3 billion, made up of different government funds. In general, money from one fund cannot be used to benefit another fund due to strict legal and accounting requirements. For example, monies from the Metro bus system cannot be used to pay for general fund services like the jail. Likewise, the bus system must pay for services it receives from other County funds (such as accounting services).

The County's funding crisis exists in the \$497 million general fund (commonly known as the Current Expense or CX Fund). Two-thirds of general fund revenues come from taxes. The County's future property tax growth is capped at 1% per year plus new construction, and sales tax revenues have been flat.

The services paid for by the general fund are basic operations of the County such as courts, court clerks, prosecution, defense, the jail, human services, records and elections, property assessments, human services, some park functions, the budget and finance functions (also financed by non-general funds), and legislative and executive functions.

As the Commission began its work, the County was expecting a \$24 million general fund shortfall in each year of 2004-2005. Due to limits on tax revenues, a structural revenue gap exists into the future: County expenditures will continue to grow faster (at about 5-6% per year) than revenues (about 1-2% per year). In addition, Exhibit 1 shows that costs for law & justice (jail, court, prosecution and defense services) are growing at a rate that would consume all general fund revenues by the year 2009.<sup>1</sup>

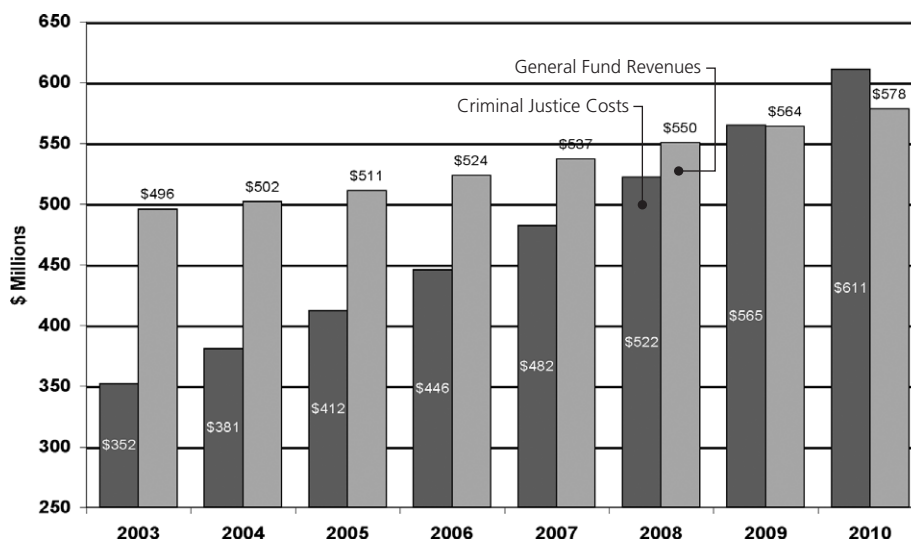
*The County's funding crisis exists in the \$497 million general fund (commonly known as the Current Expense or CX Fund).*

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<sup>1</sup> Metropolitan King County Council Presentation, March 2003.

EXHIBIT ONE  
Projected Growth of King County General Fund Criminal  
Justice Expenditures and Available Revenues



During the past two years, projected County budget shortfalls of \$90 million were met by consolidation or reorganization of agencies; administrative efficiencies and layoffs; closure of a treatment facility; elimination of parks, pools and community center services; increased fees; cuts to health and human services, arts & heritage, general government, criminal justice; and the use of one-time fund balances.

Other influences on the crisis include unfunded mandates, insufficiently funded state programs and lost state tax revenues between 1995-2001, which totaled an estimated \$40 million.

To make these cuts, King County used the following priorities:

- ▶ Direct services prioritized over administrative functions;
- ▶ Mandatory services prioritized over discretionary services;
- ▶ Regional services prioritized over local services;
- ▶ Unincorporated services prioritized over local services in cities;
- ▶ Raising fees prioritized over cutting services; and
- ▶ Full cost recovery in contracts for services.

Even with these measures in place, future shortfalls are inevitable as the rate of growth of existing services continues to exceed the rate of growth of property tax revenues.



The crisis is exacerbated in part by the national and regional economic downturn; dot-com business bust; and additional job losses from Boeing. King County government faces a chronic funding crisis, which will not go away as the business cycle recovers. Most of the County's future revenues have been capped by recent voter initiatives, reflecting the priorities of Washington's citizens. This has left resources that are considered inadequate for the continued level of support of existing County services and infrastructure.

In addition to these factors, it has been difficult for King County to be an efficient, high-quality and low-cost service provider.

- ▶ The County is a large governmental bureaucracy with inefficiencies, duplicative and competing services, and increasing demands from a diverse population.
- ▶ The role of counties in the State of Washington is increasingly unclear. Both urban and rural unincorporated areas look to the County to provide local government services in addition to county-wide services, adding further confusion to its role.
- ▶ The intersection of overlapping jurisdictions, incorporations and annexations has caused complexity and inequities in service levels, and dysfunctional service delivery systems.
- ▶ Management and labor cost containment are one key to the resolution of the County's budget crisis, as salaries and benefits make up most of the costs of service.
- ▶ The complexity of the budget and accounting system obscures true cost visibility, complicates assignment of responsibility, and impedes performance measurement, development of alternatives, and explanations to the public.

### Four Unacceptable Scenarios Describe Our Future

As already noted, the financial portents are not favorable. In King County, expenditures are increasing at a rate of roughly six percent while revenues are increasing at roughly two percent.

To illustrate the financial challenges King County faces if the current rate of increases in taxes and spending is unchanged, we present four scenarios.

#### ■ Scenario One: Preserve All Existing Programs at the Current Growth Rate (25% Increase in Taxes).

To do this, King County's revenues by the year 2010 must increase by an average of \$40 million per year, in excess of current projected increases. And, that would leave no room for new needs. Accomplishing this





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*King County needs to change  
the culture of government and  
determine its core functions.  
And it needs to change the way  
in which it does business.*

**None of these scenarios are likely to be acceptable to King County residents. It is evident that tinkering with current service levels cannot resolve the problem.**

We commend the Budget Advisory Task Force (BATF) for its recent recommendations, and recognize that if adopted, these measures will only postpone the consequences discussed above by one or two years.

King County needs to change the culture of government and determine its core functions. And it needs to change the way in which it does business.

Prioritization of major, critical services is necessary to be able to govern well. In a time of scarcity, some existing “good” services may need to be scaled back or eliminated so that higher value services are fully funded. The level, scope and delivery of priority services must be well-defined and performance-based.

Maintaining equal or improved service levels at a reasonable cost may lead to consideration of other forms of service delivery, including contracting with local governments and the for-profit and not-for-profit private sector.

Effective coordination at all jurisdictional levels is one key to delivering county-wide and local services, requiring us to define who can effectively deliver which services and what sacrifices need to be made.

Our charge was to reconsider how County government should be structured to serve county-wide needs for health and human services, public works and public safety, and local services for unincorporated residents.

Determining how that can be accomplished goes beyond the scope of a citizen commission and, in fact, can only be achieved by hard work by the political leadership of the County. We are aware of Governor Locke’s “Priorities of Government” approach for state budgeting and we urge the King County Council and Executive to use this example in fundamentally changing the County’s approach to its business.

In the report that follows we identify actions that we believe will help, and will advance the goal of better governance. But we are under no illusion that we found a “cure-all” to solve King County’s financial problems.



## Services to be Provided by King County

### **Ordinance 14514 directs the Commission on Governance to address first:**

*"Whether or not the services and service areas historically funded by the current expense fund should be provided to the public by King County and, of those current expense fund services determined by the commission as not being appropriate for King County to provide, whether or not those services should be provided by another entity, be it public, nonprofit or private. The commission is not charged with identifying what other specific governmental jurisdictions or other entities should be responsible for providing specific services."*

The Commission's adopted work plan states that all County operations (Current Expense and non-Current Expense-funded), not only services funded by the general fund, are appropriate to review from a governance perspective.

**In the Commission's review of the full County budget and services provided, we do not recommend that the County get out of any business. We consider the County to have a role in service provision in the following service areas.**

COUNTY-WIDE SERVICES	LOCAL SERVICES
Public Health Juvenile Detention & Courts Juvenile Probation Youth Services Developmental Disabilities Superior Court Adult Detention: Pretrial & Felonies Prosecuting Attorney (County Cases) Public Defense Mental Health Chemical Dependency Services Involuntary Treatment Medical Examiner Public Transportation Sewage Collection & Treatment Budget Auditor Elections Finance/Treasurer Executive Council Assessor	Public Safety (Police Services/Crimes) Traffic Enforcement Planning and Land Use Controls (GMA) Parks and Recreation Building/Fire Code Inspections Community Development Roads Surface Water District Court





The Commission recommends that King County continue to obtain input about its role in the following services:

- Economic development
- Regional transportation
- Airport
- Boundary Review Board
- Animal Control
- King County Fair
- Emergency Medical Services



The County's scope of services is broad and complex. We developed an impression that most residents do not know or understand this breadth or complexity of services, the mandatory nature of many services provided by the County, nor the financial pressure and choices that have led to the current crisis. **King County should undertake a major education effort about its role in providing local and county-wide services, the services and value it provides, and the return on investment that residents receive for their investment.**



# How County Services Should Be Provided

Ordinance 14514 directs the Commission to recommend how County services and service areas should be provided to ensure long-term efficiency and accountability on the part of King County, including recommendations, if any, to change or improve 1) service delivery systems and 2) current employment policies. We reviewed case studies and best practices in other counties of similar size and characteristics to King County. A report of this review is included as Appendix J.

The Commission's findings and recommendations suggest that the County faces significant challenges and should make changes to its operations in five key areas:

1. Intergovernmental Relations
2. Employment Policy
3. Law and Justice
4. Human Services
5. Management Approaches

## Intergovernmental Relations

The State's Growth Management Act (GMA), passed in 1990, brought some structure to how local governments would plan for growth, balance their budgets, and the Act set the course for how our local areas would develop.

However, some of the regional issues and agreements suggested by GMA have been left unresolved. King County developed Countywide Planning Policies to implement GMA. A 1994 Fiscal and Economic Development study (Fis/Ed Study) evaluated the impacts of the Policies on individuals, businesses and government. The study suggested that the region had unfinished business: there was no regional finance or regional governance plan in place to support GMA implementation, fund infrastructure, or support the development of urban and emerging centers. Since then, there have been unclear and overlapping service responsibilities, and debate continues about how regional and local services should be provided, funded and governed.

The Growth Management Act encouraged the cities and County to enter into a process to prepare a coordinated plan for the delivery of government services. The County and cities and special districts participated in a 1996-1998 Regional Finance & Governance effort convened to resolve service



roles and who should pay for what. No agreements were reached. The County and cities have made some efforts to resolve this issue since 1998, with little supporting State action. We have heard of chronic disagreement between the County and State about roles and funding for services.

Ten years ago, the elected leaders of our region required themselves to resolve these and other substantive issues in the County's implementation of the Growth Management Act. Today, many requirements remain unfulfilled, many issues unresolved, and structural governance problems anticipated by our elected leaders at that time have grown worse, as predicted. In our view, the requirements adopted as part of the GMA process continue to provide a good policy framework for addressing virtually every issue and recommendation identified in our report. We urge county officials to lead another effort to translate these policies into programs that will meet the needs of people in King County. The challenge is not just related to annexations and incorporations, but resolving the debate about state, county and city governmental service responsibilities and who will pay for them.

Over the last few years, several agreements between the cities and King County have been developed. These city-County negotiations should be built on:

- Service contracts for jail, district court, and sheriff services;
- The transition of urban parks and pools to cities;
- Relationships developed through the Regional Policy Committee's efforts to determine a range of human services appropriate for county-wide partnership.

The County's contracting of these services benefits the County by supplementing county-wide capacity to deliver services, and benefits the cities through economies of scale. These agreements have resulted in the County being able to move toward full cost recovery in its contracts and form the basis for future successful agreements.

In addition, cities and counties have jointly agreed to seek more tools from the State to help with annexation or incorporation of urban unincorporated areas. Recent proposed state legislation and local government legislative agendas have reflected this. (See Appendix D.)



## Intergovernmental Relations Recommendations

The Governance Commission's vision of King County is a government that primarily focuses on providing state-mandated county-wide services and recognizing its role as a local service provider in unincorporated areas.

**In collaboration with cities and the State of Washington, King County should implement the regional finance and governance requirements of the Countywide Planning Policies adopted in 1994 pursuant to the State's Growth Management Act.** (See Appendix E.)

This effort should focus on the following objectives:

- **Implement a new system to require annexations or incorporation of unincorporated areas within the urban growth boundary, which should include the participation of the affected community.** We acknowledge and encourage the recent efforts of the County and cities to work with these communities to encourage their annexation or incorporation.
- Establish a new system to **improve local government representation for unincorporated areas** outside the urban growth boundary. This effort should be conducted as a collaboration among King County, the State of Washington, and residents of unincorporated areas outside the urban growth boundary. We recommend King County explore the recommendation of the Municipal League to craft a modern form of township which would serve the needs of unincorporated rural King County. This recommendation is discussed more fully in the section titled "Governance and Political Structure to Provide County Services."
- Establish a **regional government funding plan** that includes an assessment of the structural financial challenges now facing King County and the cities of King County. The plan should clearly identify the amounts and sources of revenue available to King County to meet regional service and infrastructure needs. The plan should also prioritize those services that can be funded with these revenues, and identify other needs that could be met if additional funding was available.
- Create a county-wide system for providing and funding **human services.**
- Cooperate in the development of a county-wide system to address **transportation needs** as a participant in the Regional Transportation Improvement District, or if necessary by other means.



**Should these voluntary efforts fail to fulfill the regional governance and finance requirements of the Countywide Planning Policies by the end of 2005, the Washington State Legislature should reconsider whether the Growth Management Act can be implemented in King County. If, by the end of 2005, the regional dialogue fails to produce the above agreements, the State of Washington should clarify in state law:**

- The county services that are to be **regionally provided and funded with regional revenues;**
- Establish a timeline and provide funding for the County to **divest itself of urban local government** service provision, consistent with the annexation or incorporation of urban unincorporated areas;
- **The funding authority and direction for cities to annex** urban unincorporated areas;
- The state's **funding obligation** to cities and counties; and
- The appropriate reallocation of revenue sources consistent with these shifts of responsibilities.

## Employment Policy

We started our discussions with the question, "what kind of County government do we want to have?" The Commission considered whether we could find the kind of funding to help King County with its Current Expense fund challenges by examining changes to employment policy. The Commission considered ideas that are worthwhile improvements, but do not have a significant dollar or policy impact; and focused primarily on structural issues that would directly relate to the County's structure and organization to deliver services.



**The Commission does not believe that the sole answer to King County's structural and Current Expense funding problems lies in the area of employment policies.** A balance appears to have been struck in King County between providing essential and mandatory government services, and providing living-wage public sector jobs. Revisiting that balance is not a productive exercise. To get to structural questions, our elected officials must lead the public in a discussion about: the kind of government King County should be; what services the County should provide; what level of service should be provided; and what citizens are willing to pay for.

In the 2003 Adopted Budget, criminal justice agencies (the jail, sheriff, prosecutor, courts) made up the largest share of employees funded by the Current Expense Fund (Exhibit 2).<sup>2</sup> Adopted 2003 King County Budget

<sup>2</sup> Adopted 2003 King County Budget.





EXHIBIT TWO

King County Employment – All Funds

(\* = mostly funded by Current Expense Fund)

Department	2003 Adopted FTEs	% of Workforce
Transportation	4,457	34.15%
Natural Resources	1,601	12.27%
Public Health	1,475	11.30%
* Sheriff	1,078	8.26%
* Executive Services	1,045	8.01%
* Adult and Juvenile Detention	917	7.03%
* Prosecuting Attorney	504	3.86%
* Superior Court	392	3.00%
* Community & Human Services	334	2.56%
Developmental & Environmental Services	250	1.91%
* District Court	235	1.80%
* County Assessor	229	1.75%
* Judicial Administration	211	1.61%
* Council	157	1.20%
* Office of the Executive	84	0.64%
Internal Support & Grants	79	0.61%
* Executive	2	0.02%
* Boundary Review Board	2	0.02%
<b>Total County</b>	<b>13,051</b>	<b>100.00%</b>



**Although the sole answer to the County's budget crisis does not lie with employment policy, changes in employment policy per se could result in savings that would help with the short-term Current Expense Fund shortfall. Major savings could come only from the reduction or elimination of programs, which would eliminate essential responsibilities of the County.**

The Commission did not pursue an in-depth review of salaries and benefits. We reviewed existing information and heard from presenters who are knowledgeable about King County labor-management relations, and who shared the following information with us:

- ▶ An overview of the County's adopted public labor policies;
- ▶ The King County Charter, Code and other legal issues surrounding employment policies;
- ▶ An understanding of the composition and represented status of the County's workforce, including recent trends and costs; and
- ▶ Recent efforts to gain efficiencies and savings through labor-management collaboration.

From these sources, we learned that legal obstacles and constraints exist to change employment policies, including:





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- ▶ Limits on contracting out services to the public, private and non-profit sector, beyond existing County services that are currently contracted (solid waste, human services).
- ▶ Binding interest arbitration, which requires the union and employer to take issues to an arbitrator to be resolved when traditional collective bargaining reaches an impasse, is part of the contracts of 48% of King County's represented employees, in some cases because the County receives federal funding or other agreements. Washington State law requires interest arbitration for commissioned officers of the Sheriff's office and certain transit employees.
- ▶ Collective bargaining guides working conditions; there is little flexibility to make changes outside of the collective bargaining process.

County agencies, Coalition of Unions and labor negotiators believe that there are no serious issues or problems with labor relations issues in King County. We found examples of positive relations between County management and the County's 30 unions and 90 bargaining units. For example, health care cost increases are cited nationwide as a labor-management relations challenge. **In King County, the Coalition of Unions and County have achieved \$8 million in savings through the labor-management joint insurance committee, and those efforts should continue.** Other counties of King County's size and complexity have worked with labor unions to have employees share in some of the cost of providing health care benefits. **A second good example is the productivity initiative in the Wastewater Division (saved \$10.3 million over two years), that should be replicated in other County departments.** The effort reorganized work groups, reassigned job responsibilities and improved efficiency, keeping future wastewater rate increases and the need to borrow for capital projects to a minimum. The "gain-sharing" element of the initiative, allowing employees to share in savings achieved, is a notable incentive program and encouragement to find efficiencies.

2004 Current Expense regular salary growth is expected to be about 4% due largely to step increases, and benefit costs are projected to increase about 11%. Employee compensation is the largest cost component in the Current Expense Fund. With revenue to the County limited by recent initiatives, most departments have had to lay off employees in each of the past two years. In the absence of revenue increases, further layoffs are inevitable. The County must hire and maintain a well-trained workforce to provide County services while constantly considering and analyzing whether taxpayers are getting value for their money. The

Governance Commission believes that King County employees are providing value in the public services they provide.

Benchmarking analyses conducted by others, that we reviewed, show King County's wages and benefits relative to other public organizations; these studies do not address issues in enough depth or detail for us to be able to say that King County has higher or lower wages than others. It is our impression that public employees are not overpaid. County policy limits salary ranges to plus or minus 5% of the market average of other government workers (market defined as West Coast metropolitan counties). The County's salary schedule ensures that employees are, even at the top of the pay scale, still below the market average until they reach step 10.

We acknowledge that direct comparisons between many public sector jobs and private sector jobs are difficult to make. Benefit comparisons may be easier to make. **Thus, there is an increasing trend in the private and public sector for employees to pay a portion of their health insurance premiums, which King County should explore and include in discussions with County workers. A market comparison of county benefits (and pay in appropriate cases) to the private sector jobs where most taxpayers work should be considered.**

## Employment Policy Recommendations

**We recommend that King County's elected officials (Council, Executive, Prosecutor, Sheriff, Judges and Assessor) investigate labor costs and span of control in more depth, by choosing two or three high value job categories to compare to other large public and private organizations, analyzing direct costs, fully loaded indirect costs and supervisory costs. The County should further analyze, as the BAT Force recommends, the number of employees needed to carry out certain functions and deliver certain outcomes. The purpose of this cost and span of control study is to provide the County with a timely, definitive assessment of classification and compensation levels between King County and other public and private organizations.**

### ▪ Collective Bargaining and Mandatory Interest Arbitration.

We were impressed by institutional mechanisms in place to address issues appropriate for collective bargaining and to address grievances. There are labor-management committees in nearly every department and committees that address county-wide issues. We found these mechanisms "hard-wired" into the system that suggests changing them would be very difficult. Key management rights have been bargained away over time in ways that would be equally difficult to change.



Mandatory interest arbitration has costs. Requirements of federal funding and State law result in half of all represented employees having mandatory interest arbitration. These agreements result in a marginal number of employees being included who might not otherwise have interest arbitration, but it appears to make sense for these employees to be included. County staff acknowledges that a premium is offered to those unions with binding interest arbitration when contracts are bargained to avoid going to interest arbitration, but we do not know the cumulative effects of these costs. It was reported that these costs do not represent a significant financial impact to the County.

▪ **Competitive Bidding and Contracting.**

We did not reach consensus about contracting of services to the public, private, or non-profit sector. We reviewed information from other jurisdictions showing that competitive bidding practices led to efficiencies in how the work was done and budget savings by contracting work to private companies or other governments. Some believe contracting is needed to understand where King County compares, or could improve, relative to its peers in the non-profit and private sector. Others point to case law and current collective bargaining agreements that prohibit contracting of some services. Finally, some agreed with the BATF's position that if public sector employees cannot supply services as effectively and efficiently as others who deliver the service in the public or private sector, then contracting should be explored. Contracting out county services to cities, also called "reverse-contracting," has been achieved through interlocal agreements in Multnomah County, and **the Commission recommends that the County continue to pursue opportunities with King County's cities to develop interlocal agreements to provide local services where appropriate, and renegotiate union contracts or seek law changes to make reverse-contracting possible.**

Which services the County must engage in, plus the level of service, is a strong determinant of the number of staff. After considering transit operators and road service employees, the largest groups of employees are in Current Expense-funded criminal justice agencies: deputy sheriffs, deputy prosecutors, and corrections officers. The number of staff in these departments is caseload-driven, and we believe staffing levels can be affected by reducing recidivism in the law and justice system. **Solving the budget problem requires addressing the policy choices made about level of service in criminal justice departments, and those policy choices cannot be considered without deep analysis into processes, labor costs, indirect costs and management costs within each department.**





Having multiple separately elected officials with control over staffing and levels of service has not led to a smaller or more efficient workforce. **When annexations and incorporations occur, the County should reduce staffing in keeping with changed service demands. The County should remain focused on providing quality county-wide services and its local service role in rural areas.**

- **The Relationship Between Workforce and Criminal Justice Policy.** Criminal justice costs are projected to overtake all other Current Expense Fund costs by 2010. By accepting this projection, the region allows existing policy choices to stand. The County cannot allow criminal justice costs to overtake all other general purpose revenues. **In addition to identifying the mandatory nature of criminal justice services, King County must also analyze and identify the appropriate and affordable level of service to provide criminal justice services, including the drivers of employment and how this affects the inputs to the system: what policy choices we make about arrests, jail bookings, case filings, and how these choices contribute to increasing costs.** County leaders must point toward changes in level of service, set priorities about service and engage all the criminal justice agencies to lessen pressures on the inputs to our jail while continuing to protect our citizens from crime.

## Law and Justice

- The County's contribution of funding for some Current Expense programs allows access to considerable outside funding. This funding "leverage" is seen in multiple public health and human services programs.
- King County is the 12th most populous county, yet does not rank in the top 25 nationwide in incarceration rates.
- We heard testimony that one influence on the increase in jail populations is the war on drugs, which is reported to have failed to reduce criminal behavior or recidivism. The County's May, 2002 Adult Justice Operational Master Plan suggests that drug cases are the single biggest workload factor in King County's felony justice system, making up 37% of Superior Court filings in 2001.<sup>3</sup> King County Adult Justice Operating Master Plan, Capacity Options, May 2002, p. 1 These cases are a contributor to increased admissions to the jail. State law changes related to DUI and domestic violence cases have contributed to increasing misdemeanor jail admissions. (See Appendix F.)
- Prior to the current crisis, local law and justice systems were affected by the federal change in the involuntary commitment law; and "de-

<sup>3</sup> King County Adult Justice Operating Master Plan, Capacity Options, May 2002, p. 1.



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- King County's Drug Court is a national model and shows promising outcomes for those involved.
- Prior Charter Review Commission reports suggested that continuity of service and continuity of funding of specialized police services cannot financially or practically be maintained on a jurisdiction-by-jurisdiction basis.
- The Budget Advisory Task Force (BATF) recommended finding savings from administrative consolidation of District and Superior Court and seeking state support for district and superior courts, indigent defense, and aggravated murder cases.
- The Adult Justice Operational Master Plan (AJOMP) encouraged the use of alternatives to incarceration, encouraged treatment and coordination of criminal justice and human services; the second phase of this study will focus on the case management processes for those accused of a felony who make up 60% of the secure jail population. The Plan has prompted the use of community corrections programs and oversight of these programs by the judicial branch.
- King County's cities are using other counties' jail facilities to house their misdemeanor prisoners.
- Other counties have moved toward court consolidation, continually seeking options to streamline operations and make the system more accessible to the public.
- Pierce County is making multiple changes to its law and justice system:
  - ▶ A long-term commitment to community court;
  - ▶ Developing a "clearinghouse" model with a spectrum of community-based best practice models available for different populations (such as adult self-sufficiency, veterans, housing, transitional case management, and substance abuse treatment)
  - ▶ Making treatment a condition of sentencing;
  - ▶ Using a budget proviso, budget cuts to find alternatives;
  - ▶ Engaging prosecutor, sheriff and judges together to change the system;
  - ▶ Addressing collective bargaining/workforce issues about who does what functions and reducing overtime; and
  - ▶ Regional cost sharing for some specialized police services.



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- ▶ **Establish appropriate criteria, developed jointly by the county and cities, to permit booking of nonviolent offenders without incarceration. We recognize that some crimes require incarceration, and that the County faces liability issues in developing such programs. King County should develop additional capacity for community-based housing and treatment options where police or adult detention agencies can direct low-level non-violent offenders after they have been booked and identified.**
- ▶ **Forge interlocal agreements to consolidate and reduce duplication of regional police services.**
- ▶ **Establish interlocal agreements relating to the transportation of prisoners.**





Consolidation raises different issues in other counties and we express no opinion on whether it is an appropriate statewide solution.



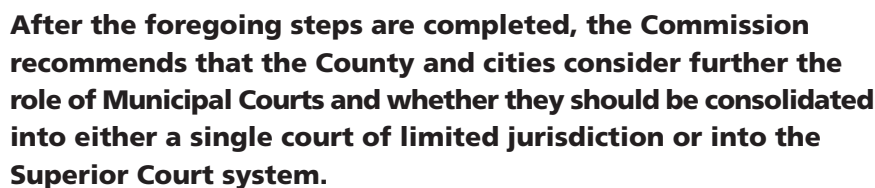




One of the inefficiencies in today's mix of Superior, District and Municipal Courts lies in the enforcement of warrants. It is not uncommon for individuals to have multiple warrants outstanding in several municipalities for failure to appear for court on traffic or drug possession charges, or, perhaps, more serious misdemeanors. For example, if such an individual is stopped for a traffic violation in, say Shoreline, and has warrants in Shoreline, Bellevue and Enumclaw, the individual will not be released until he has appeared before each court, requiring that he be jailed several days and transported from court to court until all appearances are met. This imposes significant costs upon the County and municipalities as well as disrupting the individual's life for several days. For significant crimes involving public safety issues, the cost may be well-justified. But most misdemeanors do not justify that cost. In fact, in many cases, the warrant will be discharged upon appearance and the posting of bond.



The Commission is aware of suggestions that all municipal courts be consolidated into a single system, which would sit at locations throughout the county. Others believe local courts are desirable. Such consolidation does not impact the County's general fund, the core of our charge, and the Commission has not investigated this issue.



The Commission is also aware of proposals for more cities to create their own independent municipal courts, which would reduce the service responsibilities of King County District Court in incorporated areas. The resolution of this issue should be a subject of negotiation among the County and cities.

The Commission also considered whether to recommend full consolidation of local municipal courts into the Superior Court system. We recognize that some advocate the benefits of local courts for misdemeanor and small claims. Others assert that the advantages of having local courts can be integrated into a larger integrated system. These issues are worthy of careful consideration, but should properly



## Human Services

There are a host of organizations that provide and fund human services in King County, including the federal government, Washington State, King County, City of Seattle, Suburban Cities, United Way, private foundations, faith communities, service providers, businesses, volunteers, and other organizations. Federal and state governments are the largest funding contributors.

The County's Regional Policy Committee has also focused on the funding and provision of human services, and in 2003 recommended regional human services that should be available throughout the County regardless of residency, and worked to identify transitional issues that must be addressed before long term planning can occur (also known as Task 2). The next step is to create long-term stability in funding and services. (See Appendix G.)

The Task 2 Staff Report and Recommendations to the Regional Policy Committee defines human services as those services and strategies that: support vulnerable or at risk individuals and families in times of need; redress the social conditions that make people vulnerable or put them at risk; and foster an effective and efficient system of services. The report identifies a continuum of human services, from prevention of crises, including crime, to assuring basic survival to assistance in becoming self-reliant.

*For every dollar that King County devotes to human services, the Department of Community and Human services leverages an additional \$7.55 from external sources (mostly federal and state grants for specific services).*



As noted in the recommendations about Intergovernmental Relations, if these county-wide dialogues do not produce an agreement about the funding and service roles of governments by the end of 2005, **the State of Washington should clarify in state law those human services activities that must be funded regionally and provide counties the funding authorization to pay for them.**



In the late 1960s, civic leaders of Seattle and King County banded together to launch Forward Thrust, a comprehensive set of programs to address the physical infrastructure needs of our community. Today, an even greater challenge lies before our community and an equally bold display of leadership by civic, community and political leadership is required if the people of King County and its cities hope to address the human capital needs the 21st century presents.

- ▶ Almost 2,800 King County children were in some form of foster care based on a one-month count in March of 2001;
- ▶ Suicide was the second leading cause of death in King County among 15 to 24 year olds.
- ▶ The State's Department of Employment Security reports 7,430 young people under the age of 25 made unemployment claims in 2003, or 6% of King County claims.
- ▶ The 2002 One-Night Count of People Who Are Homeless reports that of the approximately 2,000 persons living unsheltered, 39 were minors; and 1,088 youth were in shelters or transitional housing with their families.
- ▶ The high school completion rate for King County's 19 school districts ranges from 63% to 96%.
- ▶ 46% of 10th graders and 32% of 8th graders say that drugs are easily available.
- ▶ High school-age youth in four King County districts reported having only 20 or fewer of 40 developmental assets. The more assets our youth have, the more likely they are to engage in positive behaviors and the less likely they are to participate in risky behaviors, such as using alcohol, tobacco, or other drugs.

We may debate the causes for these conditions. Are they related to a decline in the effectiveness of our educational system to educate people to meet life's challenges; or a court-directed shift in the treatment of the mentally ill to exclude involuntary commitment and, therefore, rely



No society may call itself humane and civil if it fails to address the human conditions that allow people to slide into patterns of anti-social, even criminal behavior. No society can live up to American ideals that allow the increase of failed lives.

We cannot look solely to King County government, or indeed any government, to address these challenges. As the report of the Budget Advisory Task Force (BATF) has clearly documented, and as we have confirmed, the financial crisis facing King County and other governments is long term and structural, not cyclical. It is true that spending additional money now to prevent future crime can be a sound, cost-effective investment, but the money is not, and will not be, there through the remainder of this decade at least. The best we can hope for is that those human service programs that work for prevention may be spared from deep cuts.

We agree that this hope is not enough.

- The importance of the non-governmental approach.

Much good work is being done by small organizations serving only a few individuals at a time, but able, therefore, to give focused and personal attention to the people with whom they work. For example, a program operated by Northshore Youth and Family Services called the Juvenile Intervention Program works with about 250 youth each year who are first time non-violent offenders. Instead of bringing detained youth to juvenile detention, police bring the youth home and make an agreement in lieu of detention for the youth to complete three months' treatment with the agency. This allows for work with the youth and parents, achieving a striking 6% recidivism rate to the County's 27%, and a cost of \$900 per youth versus \$21,000 per youth detained by the County.

Teen Hope is another successful example, serving as a temporary shelter for at-risk teenagers. Supported by churches and government grants, it

*It is true that spending additional money now to prevent future crime can be a sound, cost-effective investment, but the money is not, and will not be, there through the remainder of this decade at least.*





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**and “eliminate duplication in real and symbolic ways that instill public trust by:**

- Building a culture that rewards efficient service delivery and increased productivity;
- Improving transparency of budget, financial and operating policies;
- Simplifying, unifying and streamlining fragmented management systems;
- Placing a high priority on investing in central systems technology;
- Focusing on the mission of providing public service by examining whether public sector employees can supply services effectively;
- Collaborating with other governments and streamlining internal processes.”

**The Commission recommends that internal service functions for all agencies** (budget development and monitoring, information technology support, facilities management, and personnel services) **should be centralized in single county-wide Office of Management and Budget to increase quality of service to the public and allow for consistent management and cost control to be achieved. Although some services such as prosecution and courts are not charter-based services and cannot be compelled to participate in centralized functions, we encourage these agencies’ voluntary cooperation in this effort.** Concerns about specific agency service needs should be negotiated through service-level agreements and focus on who can provide services most effectively.

Voters approved an amendment to the King County Charter in 2003 to authorize biennial budgeting, which is a two-year appropriation and financial planning cycle. Biennial budgeting can improve long-range and strategic planning and evaluation, with a stronger focus on policy issues; allow for redeployment budget staff in the “off-year;” and decrease the politics of budgeting if the process is timed in an off-election year. However, forecasting revenues in this type of budgeting can be difficult and the budget relies on sound forecasting. Biennial budgeting can additionally leave a government less well able to respond to major economic changes and could decrease the legislative branch’s oversight function.

King County faces two practical concerns to implementation of biennial budgeting. First, the data systems necessary to support the development and preparation of a budget are not currently capable of supporting biennial budgeting. Until the County replaces its financial systems, biennial budgeting would be difficult to implement. Second, the conversion to biennial budgeting would be a major effort to bring together the complex systems to build and transfer a budget into the accounting system once the budget is adopted. The County would need to plan and phase the







implementation of biennial budgeting. Despite these challenges, the **Commission encourages King County to pursue the implementation of biennial budgeting.**

The current overhead plan structure suggests that even when departments are effectively managing their own operations, the overhead burden for many agencies is acute. In an era of shrinking Current Expense funds, **the County must simplify, make transparent and rationalize overhead charges** through initiatives such as performance measurement and service-level agreements that are negotiated between managers of the Current Expense fund and other agencies.

**The County must aggressively seek effective, up-to-date, unified information technology systems to support its activities, especially for central functions.** The County should expedite its technology strategic planning process and funding for system unification projects and make the early scoping for these projects with technology experts a high priority. Other efforts to make programs efficient are hampered by the County's lack of unified technology systems.

**The County must do all it can to control its costs by developing robust, outcome-based benchmarks and comparative data about its own operations, and use that information to compare itself to other entities doing similar activities and find efficiencies (including public, private and non-profit sector examples). All County agencies, including separately elected officials, are encouraged to make this cost and performance measurement effort an active part of management across the entire government.** As mentioned in the employment policy recommendations, these measures must measure the total cost to provide services. The Commission considered the Executive's Performance Measurement Initiative in 2003, and the Baltimore CitiStat program that has been implemented in Maryland, and concluded that efforts to measure and track performance will help King County set service priorities. **The Commission supports a regular, independent and external review and performance evaluation of King County functions and operations.**

The County Code (KCC 4.04.200) requires that all capital projects be supported by an operational master plan (OMP) guiding how the agency will operate now and in the future, analyzing alternatives to accomplish defined goals and objectives, performance measures, projected workload, needed resources, implementation schedules and general cost estimates, and how the organization would respond in the future to changed conditions. **The Commission recommends that all agencies, regardless of CIP status, develop and maintain Operational Master Plans linked to their operations, performance and budgets to guide operations.**



# How County Services Should be Funded

# F I N D E D

Ordinance 14514 directs the Commission to recommend how County services should be paid for by King County to ensure adequate long-term funding, including 1) changes to the Current Expense fund revenue structure and actions needed for implementation; and 2) the need and recommendations for a dedicated revenue source to fund specific services or broad service areas.

## Findings

We reviewed an assessment of the revenue tools available to the County; the current debate regarding of “cross-subsidization” of urban unincorporated King County; recent recommendations of the Budget Advisory Task Force (BATF); and the Tri-Association legislative agenda for 2003 and 2004. We recognized and discussed the need for both cost-side and revenue-side approaches to solving the County’s budget challenges. (See Appendices D, I, and L.)

- The Commission learned that the County does not have legal authority to assess some kinds of revenues that cities can, nor the tools to generate revenue authorized by the State.
- Three-quarters of the County’s revenues are expressly restricted by state law to the purposes for which they are collected. The Current Expense fund, the remaining quarter of revenues, are the only remaining general purpose funds to fund many county services.
- Most sources are restricted in use and limits on rates and revenues exist.
- Counties are beholden to the state and voters for additional authority. The property tax has been the most stable source of revenue for counties, and with recent limits on revenues, cities and counties will increasingly be in the business of asking voters for property tax “levy lid lifts” if additional revenue is needed.
- The implementation of the state’s Growth Management Act will increasingly direct sales tax revenues to cities as development is directed toward urban incorporated areas. The result is that the sales tax base for the County will decline.
- Cities and counties will increasingly seek fewer restrictions on revenues or cutting back mandated expenditures from the State.
- Calculations of “cross-subsidization” are complex, inadequately analyzed, and fail to address the real issue that King County is generating and using revenues for local services that should be used for county-wide services.

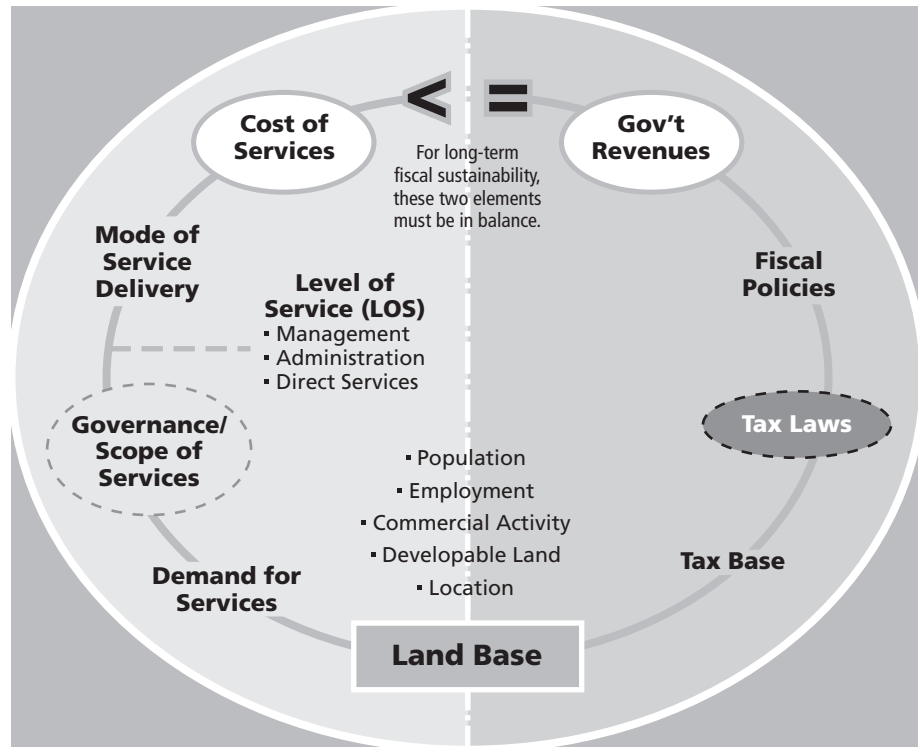
*Most County revenues are expressly restricted by state law to the purposes for which they are collected. The Current Expense fund (one-quarter of revenues) is revenues, are the only remaining general purpose source to fund many County services.*

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## Fiscal Balance Framework

Providing services while achieving a balanced budget is the core, long-term sustainability challenge for most governments. Most governments in Washington are experiencing revenue growing more slowly than the general cost of living, requiring prioritization. The most recent policy change making this equation out of balance is tax-limiting initiatives (darkest box, "Tax Laws").



Without change elsewhere  
in the system, fiscal balance  
will degrade over time.

**Demand for Services** represents the demand for specific services to meet the needs of the community.

**Governance/Scope** is the statutory framework that guides how the government is organized and structured to deliver services. State law, charters, codes, regulations guide this. The dotted line indicates that change requires authority from the citizens or the state.

**Level of Service** represents community choices and expectations. Governments may not choose whether they can provide certain direct services, but have flexibility to make choices about how services are delivered in the areas of management.

**Mode of Service Delivery** focuses on how direct services are delivered efficiently and productively by changing the coordination, deployment, and management of resources.

**Land Base** resources are mostly fixed or influenced by the private sector.

**Tax Base** includes property values, taxable retail sales and commercial activity that could generate public sector revenue. Generally, there are three sources of tax base: income, consumption and wealth.

**Tax Laws** are the boundaries within which the tax base can be turned into revenue to support services. This element represents much more than taxes – it includes all statutory authority the government has to generate income: grants, property taxes, sales taxes, permits, fees, fines, investment interest.

**Fiscal Policies** represent the government's actions to combine statutory authority and revenue capacity to generate revenues.

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**King County should avoid the creation of dedicated funds for services,** which has the effect of diluting and decreasing the level of investment in general government services and increasing funding for those services that are mandated by law or specialized. Part of the fiscal stress the County is facing can be attributed to the lack of flexible funding to respond to changing service needs.



**For services the County must provide due to federal and state mandates, funding should be granted directly to counties and not “passed through” the state where administrative costs are deducted, similar to the Community Development Block Grants (CDBG) that cities and counties receive from the federal government.** The State of Washington should consider a system of service regions to administer state and federal funding similar to Community Development Block Grants that are granted directly to local jurisdictions.



# STRUCTURE

## Governance and Political Structure to Provide County Services

Ordinance 14514, Section 5.B.4 directs the Commission to consider the need and recommendations for change in the County's governance structure and policies in the following areas:

- ▶ The designation of any elected county office as a partisan or nonpartisan office;
- ▶ The designation of any elected county office from elected office to appointed office;
- ▶ The size and structure of King County government, including all elective county offices; and
- ▶ The size and structure of the council, including number of councilmembers, staffing and salaries.

Our discussion of these issues was informed by our review of other counties referenced in Appendix J; research about the form and structure of other populous metropolitan counties; statements by members of the public at the January 29 Community Forum; and speakers who came to talk with the Commission during January, 2004.

The Commission placed primary importance on the question of which offices should be accountable to the electorate, and the basic form of County government and relations between the executive and legislative branches that would provide the most efficient, effective and accountable government to citizens. We considered partisanship and size of the Council to be secondary questions that followed from the first.

### Size and Structure of County Government

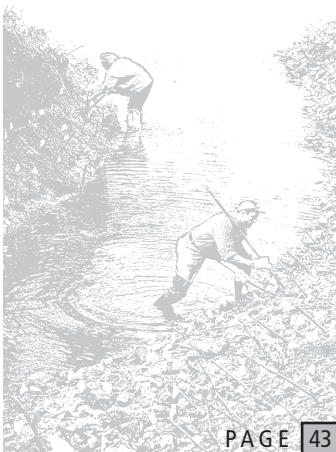
#### Background

The three most common forms of county government are the commission form; the council-elected executive form; and the council-manager form.

The key distinction among the three forms is how legislative and executive powers are separated among the branches of government. In all three forms, the role of the legislative branch is to set policy for the government and initiate and approve appropriations.

- In the commission form of government as we know it in Washington (all non-charter counties), a legislative board fulfills both executive and legislative functions and "row officers" or separately elected officials serve a range of duties (assessor, attorney, recorder, sheriff, treasurer). Boards of Commissioners are usually small (3 members), nominated by district and elected at-large.

*The Commission placed primary importance on which offices should be accountable to the electorate, and the relations between the executive and legislative branches that would provide the most efficient, effective and accountable government to citizens.*



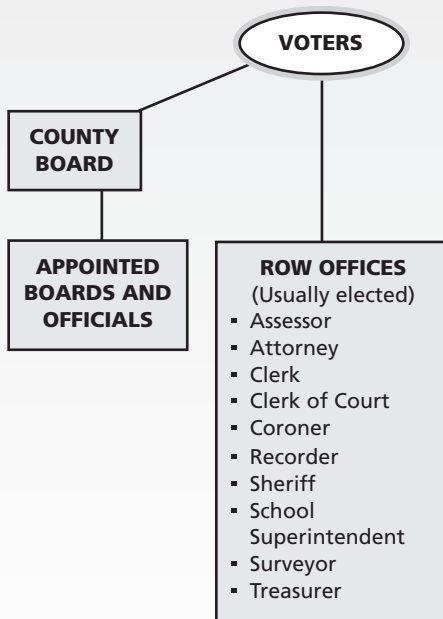


- The council-elected executive form of government (currently in place in King County) is suited to urban counties with significant political competition and policy debate. This form separates the executive function from the legislative branch into a formal head of the county with a role in proposing budget, implementing legislative policy direction, acting as spokesperson, and appointing department directors to enforce council ordinances.
- In the Council-Manager form of government, used in a number of urban counties across the nation, a professional manager is hired to serve the Council by managing projects and programs and budgets. There are several ways the Council-Manager form can work: the Manager can report to the elected legislative or executive branch, and can be adapted to local preferences.

## Basic Forms of County Government Structure

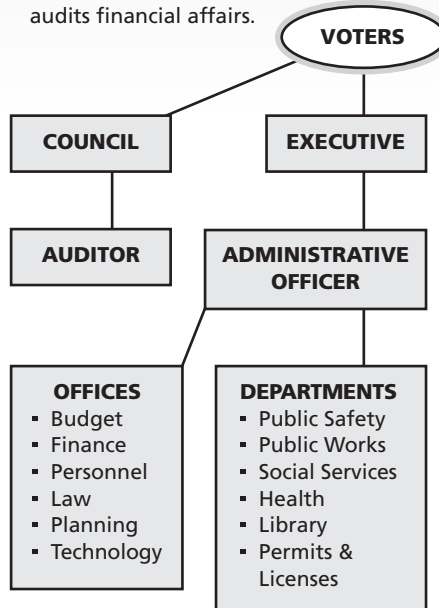
### Commission Form (1724, PA)

- Governing board fulfills executive and legislative functions (commission or supervisors)
- Boards are small (3-5), elected by district or at-large
- Sometimes have judicial power (uncommon) or adaptation is one member as judge (probate)



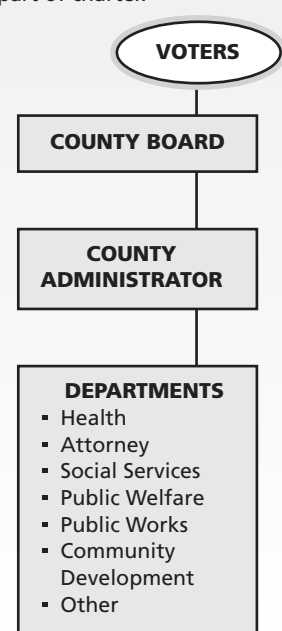
### Council-Elected Executive Plan (1893, IL)

- Suited to urban counties with substantial political competition and policy debate
- Elected executive functions as appointed administrator, formal head of county with veto power. Role in policy, budget, spokesperson, department appointments, enforces council ordinances.
- Council sets policy, approves budget, communicates to higher legislative powers, conducts studies and makes recommendations, and audits financial affairs.



### Council-Administrator Plan (1927, NC)

- Small elective governing board as policy makers
- Appointive executive selected by and serving at pleasure of board
- Board adopts policy ordinances, approves appropriates and levies and appoints administrator.
- Administrator enforces ordinances, budget, recommends on policy/administrative matters. Administrative duties part of charter.





The Commission heard advantages and disadvantages of each of these forms of government in its work. (See Appendices K and M.) There are variations on these forms. The professional manager form can work with separately elected executive and legislative branches. Some counties, such as Montgomery County, MD, operate with separate branches of government (elected executive and council) plus an appointed chief administrative officer who manages departments. In a Board-President model (such as in Cook County, IL), a 17-member Board of Commissioners is the legislative branch, and elects from its own ranks a Board President who is responsible for administering the departments of 13 county functions. The Board President additionally presides over Board meetings with a regular vote and countywide representative duties.



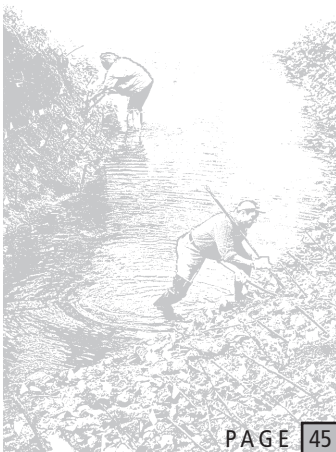
#### Size and Structure: Recommendation No. 1

**Short-term, the Commission recommends that King County retain the Council-Executive form of government. Longer-term, the next Charter Review Commission should give focused examination to the Council-Executive and other forms of government, including appointed County-Manager and Council-Board President forms of government with blended legislative-executive powers.** As the responsibilities of the County shift from local to primarily county-wide service provision, a shift in the form of government may be warranted.

#### Rationale

Accountability, responsiveness to voters, and effective delivery of services were identified as important issues. We heard that the city manager form of government works for most cities in King County and a benefit was the separation of policy and administration, while still allowing strong oversight and involvement by the legislative branch. While a professional manager form of government may free elected officials to focus on policymaking duties and provide leadership, and carry out policies set by elected officials and day-to-day operations of the County, we heard of examples where managers were not responsive to citizens and that difficulties with accountability arise when intense political battles occur. King County is the 12th largest county in the country, and has a broad scope of services. We believe County residents are best served now by a strong executive model with clear checks and balances between the separate branches of government, with the legislative branch elected geographically by district, and the executive elected to represent the whole County. We also heard that the County's relations with the federal and state systems, which also have strong executive forms of government, are made easier with the County's parallel strong executive model.

King County today has three service delivery roles: first, it is the local government for unincorporated areas outside the urban growth boundary;



the County is also the local service provider in unincorporated urban areas; and it is the county-wide service provider for all County citizens for certain services such as transit and wastewater.

The County is now working with communities in urban unincorporated areas to encourage their incorporation, or annexation to nearby cities. When the transition of these areas is complete, the three current roles of the County will be reduced to two (local provider in unincorporated rural areas and county-wide services). In keeping with this reduced role, the Commission believes that a simplified form of government with blended legislative-executive powers would be appropriate for the County's reduced role.

The most appropriate process to examine the County's form of government is for the next Charter Review Commission to review options, seeking a commitment from the Council to act on its resulting recommendations.



### **Size and Structure: Recommendation No. 2**

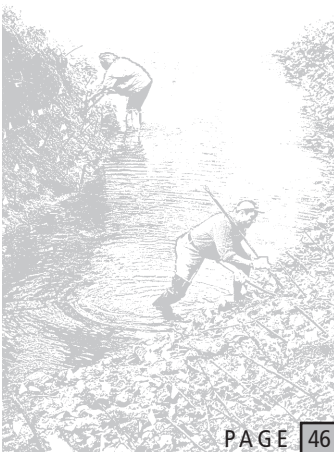
**King County should consider and develop a “modern township” concept or an alternative representation model, to provide local representation in rural areas for those decisions best made locally.**

As noted in the recommendations on Intergovernmental Relations, the County is primarily a provider of county-wide services, and must recognize its responsibility for local services in unincorporated areas. King County should establish a new system to improve local government representation for unincorporated areas outside the urban growth boundary. This effort should be conducted as a collaboration among King County, the State of Washington, and residents of unincorporated areas outside the urban growth boundary.

Residents of urban and suburban incorporated areas have two separate governments providing them representation and public services. City residents receive urban services from the city, such as streets, parks, and police services; and county-wide services from King County, including elections, assessments, jail services, transit and wastewater.

Residents of rural unincorporated areas have one government representing them, but playing two roles: King County provides local services (land use, roads, sheriff, and parks) in the unincorporated areas, and residents receive limited transit services from King County.

We heard frustration from rural residents who believe they have little local control over zoning and land use, a low connection to King County government and vice versa, and a wish that County services were better aligned to the people they serve in rural areas.



*The Commission discussed a more local model of decision-making for rural areas to bring the level of service closer to unincorporated communities.*

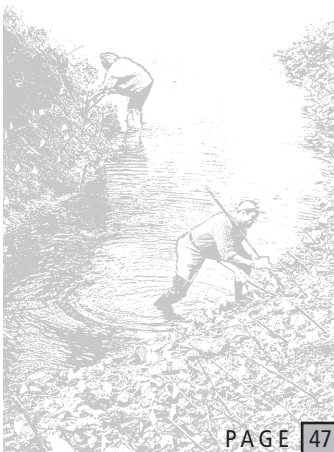
The Municipal League recommended a modern township concept in its December 2003 report, "Shortchanged." The League suggested that "rural unincorporated communities should be organized into townships or other entities for the purpose of local service delivery...King County should be more aggressive in encouraging and enabling unincorporated residents to find alternatives to King County for local service provision." Two Governance Commission members researched Indiana, Pennsylvania, New Jersey and other forms of townships, including the history of the township model in Washington.

As the Commission discussed the future role of the County, it considered an organizational structure for executive services such as the Department of Rural Affairs, Urban Affairs, Regional Affairs; or other ideas that could bring a more local model of decisionmaking to these areas and bring the level of service closer to unincorporated communities. The purpose of such a model would be to help citizens to be more connected to local government.

The "modern township concept" is not intended to track 19th Century township models but is intended to be a label to help focus thinking on our current challenges. The term "township" works because people identify instantly with a simple service model of government that is not simply "another layer of government" or a "mini-city." The Council, the Executive and residents of rural King County should define the appropriate powers for the townships and how they relate to overall King County authority.

For example, the township board would probably have defined powers in terms of zoning, land use, and variances, consistent with the Council-approved land use policies and King County's comprehensive plan. Planning and zoning in these areas would still need to be consistent with growth management policies and the Growth Management Act and other regulations. Shifting such activities to the township board would not only provide residents with policies more in keeping with their areas' desires, but would also unburden the King County Council of tasks better accomplished at a more local level. Moreover, review of township action by the Council would be appropriate, but probably should require a supermajority to override Township action.

The Township Board might take on additional responsibilities as an intermediary between County and rural residents, but the scope and nature of such responsibilities should come into focus through discussions between rural residents and County authorities. Changes to the County Charter, State law or other changes to law to implement the concept will depend on the details of the final proposal.



## Elected/Appointed Offices

### Background

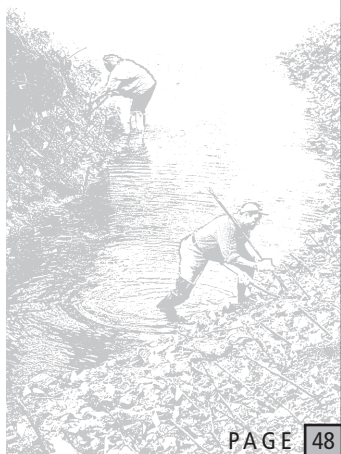
The King County Charter currently provides for the following elected offices: an Executive, 13-member elected Council, Assessor and Sheriff. The number of elected Superior Court judges and duties, and the elected status and duties of the Prosecutor's Office are set in state law. The elected Sheriff provides local police services for unincorporated area residents and 13 of King County cities on contract, and provides regional police services such as search and rescue, civil process, and sex offender registration to all County residents. In other counties in Washington, an office of the Auditor traditionally carries out a range of functions outlined in state law, including 1) recording (recording of real property documents such as deeds and other recorded documents); 2) licensing (licensing, titling, registration and tax collection); 3) elections and voter registration; 4) county financial audit and administration; and 5) clerk of the board of county commissioners. In King County, these functions are spread across several County departments. A current Charter amendment proposal exists that would make the elections function of the Auditor an elected office in King County. During this phase, the concept of proportional representation was presented to us. Although elections methods are outside the scope of the Commission's work, we included this intriguing concept that could increase representation and accountability as Appendix N.

### Recommendation

**The Commission recommends that the County Executive, Council, Prosecutor and Assessor remain elected positions; the Sheriff's position should become appointive; and the elections function should remain appointive.**

### Rationale

- **Elected Executive, Council, Prosecutor, Assessor:** We heard from some that government officials who make policy should be elected, and those who need specific technical expertise to perform the functions of their offices should be appointed. These four offices clearly have a policymaking function within the County government and should be held accountable by the voters for their policy decisions through elective office. Moreover, the independence of a separately elected Prosecutor and Assessor is an important check against possible corruption.
- **Appointed Sheriff:** The Commission sees police services as a job requiring technical expertise, lending itself to appointed office. In addition, the Sheriff's service responsibilities as the official with primary law enforcement responsibility in unincorporated areas will continue to shrink as urban unincorporated areas annex to cities. This will mean the need for representation of all county residents for police services, which has



substantially decreased since the sheriff's position was made elective, will continue to lessen over time.

- **Appointed Auditor:** We considered that election functions are a complex task performed for all jurisdictions by the County's elections department, and in the interest of efficiency, the function should be depoliticized and above reproach. We concluded that the Executive should choose a well-qualified professional whose appointment is confirmed by Council. New elections technology must be in hands of an honest, regarded professional. Only a minority of countries have elected elections officials, sheriffs, and judges. A minority of Commission members believed that an elected Auditor to handle elections functions might increase accountability to citizens, allowing the Auditor to advocate for changing technology needs and resources, and assure the security and quality and independence of the elections system.

## Partisanship

### Background

Currently all elected offices except for judges and the sheriff are elected on a partisan basis in King County. We heard testimony from the public identifying the political parties' role in identifying philosophies of government, promoting voting and involvement, and recruiting candidates and volunteers. A change to the partisan status of offices would require a change to the King County Charter, or in the case of the Prosecuting Attorney, a change to state law. (See Appendix O.)

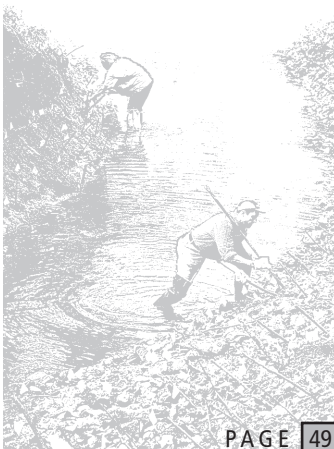
### Recommendation

**The Commission recommends that the Council, Executive, Assessor, and Prosecutor remain partisan elected offices.**

### Rationale

Political parties exist to identify principles and philosophy about the role of government in society. Most voters find partisan labels an easy way to identify a candidate's philosophy of government. Party influence in Washington State elections is relatively weak compared to other states, but well over half of voters in Washington identify with the two major parties. Most of the elected officials in King County's cities are elected on a non-partisan basis, although some report to us that even in a non-partisan environment, factions can develop that can leave those out of power without a voice.

We heard a strong sentiment in public testimony that the highest offices within the County with policymaking responsibilities should remain partisan (Council, Executive, and Prosecutor). In the case of the office of the Assessor, our reason for suggesting that this office remain partisan is that partisanship gives candidates running for this office a starting point to build a base of





*Council size was increased from 9 to 13 in 1994 as a result of the Metro merger, with the rationale that the County was assuming county-wide transit and wastewater responsibilities and increased policymaking duties that warranted a larger Council.*

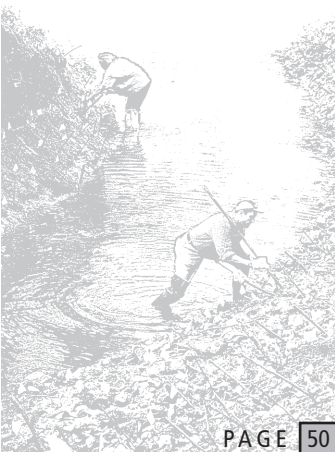
support and voters a better understanding of candidates' philosophy for the office. An additional reason to retain partisan offices is that some believe the existence of parties serves to limit the power of special interests, the media, and political consultants. Because our recommendation above is for other offices to remain appointive, we have no recommendation regarding the partisan nature of other offices.

## Size and Structure of Metropolitan King County Council

### Background

King County residents elect a 13-member Council serving 1.7 million residents, meaning each Councilmember currently represents about 133,000 residents. The Council size was increased from 9 to 13 in 1994 as a result of the Metro merger, with the rationale that the County was assuming the county-wide responsibilities of transit and wastewater from Metro and increased county-wide policymaking duties warranted a larger Council. Currently, the functions and responsibilities of Councilmembers include serving as the policymaking officials for the County. The Council adopts and enacts ordinances, levies taxes, appropriates revenue, adopts budgets, sets compensation policy, and adopts land use regulations. In addition to these legislative duties, Council agencies include:

- Council Administrator section, which provides support to the Council, administration of budget and oversight of legislative offices, and central staff who analyze proposed legislation, handle legal and policy issues, and conduct long-term special studies.
- Clerk of the Council, responsible for processing legislation and County records and agendas.
- Hearing Examiner, which conducts quasi-judicial public hearings on land use applications and appeals.
- Council Auditor, which conducts performance and financial audits and special studies of County departments, helping the Council with its oversight of government operations.
- Ombudsman-Tax Advisor's Office, which investigates complaints against agencies, recommends improvements, and provides information and assistance to the public; the Tax Advisor provides advice to the public on property tax law and the appropriate procedures to appeal property tax re-evaluations.
- Board of Appeals, which offers an impartial hearing process for appeals of valuations for tax assessments, business license decisions, and animal control orders.
- King County Civic Television, which provides the public with a way to view Council proceedings from their homes.



Each Councilmember spends time responding to requests from constituents, understanding and responding to the policy needs of his or her district, and serving on county-wide and standing committees on issues of County business.

The Commission recognized during the course of its work that a ballot measure existed addressing the size and structure of the Council (a single item in the Commission's larger scope of work). Our work and meetings were intended to provide a neutral forum for public comments on the governance subjects assigned to the Commission. We conducted our assigned work without regard to the specific ballot proposition; our recommendations below do not take a position on the specific ballot proposition.

### Recommendation

**The Commission believes that form should follow function. That is, the job responsibilities and the skills needed should be defined first, and then the number of people needed to do the job would next be defined. The functions of the Council, in keeping with the current Charter and the future role of the County in service delivery should include:**

- **Propose legislation to set county policy at local (unincorporated) and county-wide levels;**
- **Approve and pass the county's budget and appropriation ordinances;**
- **Serve on regional committees to set the county-wide vision for transportation, water quality, and other regional policies;**
- **Act as a check on the Executive branch in oversight of County operations; and**
- **Serve as representatives of County government for residents of their districts.**

As noted in prior recommendations, we believe the County's role in the provision of local services to urban unincorporated areas will shift in the next few years. **Short term, until the annexation or incorporation of urban unincorporated areas is resolved and these areas are served by cities, the Commission recommends that the Council size should remain at 13 members.**

**Longer-term, the Commission recommends that the number of Councilmembers be revisited after the annexation or incorporation of urban areas is complete, and to consider whether Council size should be reduced from 13 to a smaller number sufficient to accommodate a revised scope of King County government.**







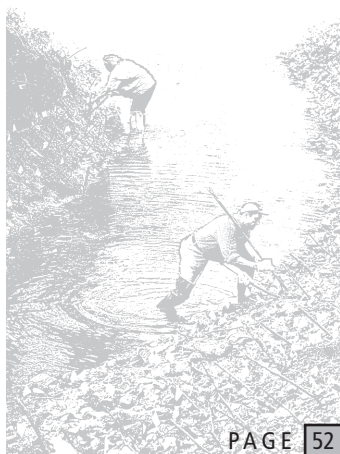
**In keeping with the “form follows function” philosophy, the Commission recommends that the functions and work of Council staff, and salaries, be defined, and the number of staff and their salaries should be commensurate with the size of the Council.**

### Rationale

We considered a number of benefits to having a smaller Council. They are as follows:

- **The County’s scope of services.** We see the roles of King County shifting in the long-term (after 2005) from three service roles (local urban, local rural, and regional) to two: provider of county-wide services and local service provider in the County’s rural areas. As the County divests itself of urban service provision, a smaller Council would mirror the change in the scope of the government.
- **Ability to reach agreement among Councilmembers, and work with the Executive Branch.** Some believe, and some research into group dynamics shows, that decisionmaking and consensus-building in groups of 5-10 people is easier and more functional than in larger-sized groups, and that an effective, functional group would not require many members. The ability for the legislative branch of the County to work collaboratively in their policymaking role and develop good working relations with the Executive is essential.
- **Symbolism.** The County has faced severe budget shortfalls with cuts to all levels of government, and some believe that the Council should show that they can lead by example by reducing the number of Councilmembers and staff, as services from the County have been reduced.
- **Financial savings that could result.** A reduction, for example, of four Council offices could save the County about \$1 million, or 0.2% of the total \$500 million County general fund budget. Given other reasons, by itself, this seemed a less compelling reason to reduce the size of the Council.
- **Similarity to other large counties.** Among the 20 most populous counties in the U.S., only six counties including King (Cook, IL; New York City; Wayne, MI; Broward, FL; and Philadelphia, PA) operate with legislative branches of more than 5 members. However, a direct comparison is frequently difficult because King County government has broader responsibilities than some other county governments. (See Appendix P.)

*The ability for the legislative branch of the County to work collaboratively in their policymaking role and develop good working relations with the Executive is essential.*



*Some believe that putting policymaking work on fewer shoulders would result in lower levels of service.*

*Some believe that the current size of the Council would keep power in the hands of the people rather than increasing the influence of special interests, money in the political process, or the media.*

- **Representation: Reflecting the views of a diverse citizenry.** Voters elect members to a legislative body to reflect their interests and priorities and the priorities of their neighborhood. The current size of districts (133,000 residents and growing) is already large and increasing the district to 200,000 or more makes it more difficult for the diverse areas of our county to be adequately represented by the people they elect.

- **Power:** Districts of their current size allow the importance of local groups to remain important in the political process. Some believe that the current size of the Council would keep power in the hands of the people rather than increasing the influence of special interests, money in the political process, or the media.

- **Involvement in county-wide policy-making.** Some believe the same or a larger Council is needed because of the already complex set of services provided by the County and increased complexity that grew from the Metro merger. In addition, the county-wide duties of the County and Council impose burdens on Councilmembers. King County's government is too complex for a Councilmember to be a "generalist" and understand everything. Effective functioning requires that the Councilmembers work through committees, including participation in regional committees, and a smaller number of Councilmembers might not provide enough coverage of all the subjects and issues with which political leadership must deal.



## Conclusion

King County's structural financial crisis cannot be solved with easy, quick solutions.

We urge the County to take bold action to implement the ideas contained in this report to set a path for financial sustainability and more efficient and effective services. The primary recommendations include:

- **Fundamental Shift in Criminal Justice Policy.**

It is unacceptable for the County's "growth industry" to be law and justice services. Although some of these costs are identified as mandatory, King County must identify an appropriate and affordable level of service for law and justice services, analyzing drivers of employment and aggressively and proactively constraining inputs to the law and justice system while continuing to protect our citizens from crime.

- **"Forward Thrust" for Human Development.**

Pressure on the criminal justice system cannot be decreased without corresponding major investments in human services. The severity of public sector funding constraints means significant community-based, private sector investment is needed. We call upon civic, community, foundations and faith-oriented leaders, in communication with County and city political leaders, to initiate a private-sector "Forward Thrust for Human Development" effort to mobilize resources in King County for a ten-year program of preventive and early treatment interventions through non-profit, and including faith-based, organizations, focused on funding and community support for services that reduce adult and juvenile crime.

- **Carry Out the Vision of the Growth Management Act.**

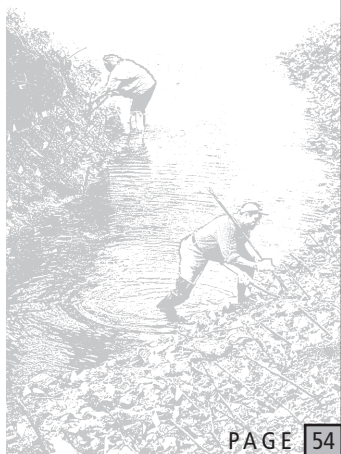
King County's "urban" and "rural" unincorporated areas pose significant and diverse service challenges. King County must implement regional finance and governance expectations of the Growth Management Act or seek State clarification of service and funding responsibilities in partnership with the cities. By the end of 2005, King County and other jurisdictions should move to annexation or incorporation of urban islands with the participation of those communities. For areas outside the urban growth boundary, King County should pursue the creation of modern townships to provide citizens with a local source of decision making for local governance issues.

- **More Efficient and Effective County Business.**

A host of management approaches should be implemented to unify and streamline County government, including: consolidate central services within one agency instead of spread across all branches; expedite

*The County's fiscal crisis  
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■ ■ ■ ■ ■ ■ ■ ■ ■ ■



*The Commission's  
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better governance.*



information technology strategic planning; and make robust, outcome-based performance measurement a high priority across the whole government. Investigation of labor costs and span of control must be done to assess classification and compensation levels between King County and other organizations. These internal reforms include a public education effort about the County's role, services and value it provides.

#### ▪ **Governmental Structural Changes As King County's Service Role Shifts.**

We see King County's future service roles shifting from three service roles (local urban, local rural, and regional) to two: provider of county-wide services and local service provider in the County's rural areas. As the County divests itself of urban service provision, the political structure of the County should be reconsidered, including a focused examination by the next Charter Review Commission of the Council-Executive form of government, and the potential reduction in size of the Council, to be revisited after the annexation or incorporation of urban areas is complete.

The County is a large, complex government facing equally complex challenges. The approaches we offer to meet those challenges are not simple. The Commission's recommendations represent big steps that we believe need to be taken to help to advance the goal of better governance by:

- Simplifying and streamlining the role of the County relative to the State and cities;
- Assisting with the extreme fiscal stress the County is facing; and
- Increasing the connection and awareness between the County government and its residents.

Time is of the essence. Systemic changes are required now. The situation demands bold action on the part of County leaders.

